

**CEDARVILLE TOWNSHIP**  
*(Menominee)*  
Financial Report  
with Supplemental Information  
Prepared in Accordance with GASB-34

For the Year Ended  
March 31, 2004

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other			County Menominee
Audit Date March 31, 2004	Opinion Date September 28, 2004	Date Accountant Report Submitted to State: October 30, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Carl R. Sorensen, CPA			
Street Address 844 Pierce Avenue	City Marinette	State WI	ZIP 54143
Accountant's Signature 			

# Cedarville Township

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# Carl R. Sorensen

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

Town Board  
Cedarville Township  
Menominee County, Michigan

I have audited the accompanying general purpose financial statements of the Governmental Activities, each Major Fund and the Aggregate Remaining Fund Information of Cedarville Township, Menominee County, Michigan, for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, each major fund and the aggregate remaining fund information of Cedarville Township, Menominee County, Michigan, as of March 31, 2004, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

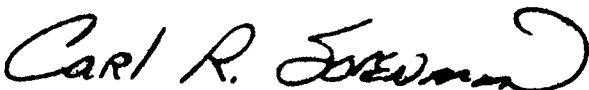
In accordance with *Governmental Auditing Standards*, I have also issued a report dated September 28, 2004, on my consideration of the township of Cedarville's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

### Required Supplemental Information

The Management's discussion and analysis and budgetary comparison information on pages 2 through 4 and pages 17 and 18 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

### Other Supplemental Information

My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information identified in the table of contents as supplemental information is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Cedarville Township and in my opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.



September 28, 2004

## **Cedarville Township**

### **Management's Discussion and Analysis for the Year Ended March 31, 2004**

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This section of Cedarville Township's annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2004. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB-34) *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments* and is intended to provide the financial results for the fiscal year ending March 31, 2004. This is the first year of GASB-34 implementation. As a result the financial report is presented very differently than previous years. Because this is the first year of implementation of GASB Statement No. 34, prior-year data is not available but will be provided in subsequent years for comparative purposes.

#### **Using This Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Cedarville Township financially as a whole. The *Government-Wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer term view of those finances. The fund financial statements provide the next level of detail. For Governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the Township's operations in more detail than the Township wide financial statements by providing information about the Township's most significant funds - the General Fund and Fire Fund. The remaining statement, the statement of fiduciary net assets presents financial information about activities for which the Township acts solely as an agent.

#### **Fund Financial Statements**

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principle and interest on long term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

#### **Government-Wide Financial Statements**

The Government-Wide financial statements are full accrual basis statements. They report all of the Township's assets and liabilities, both short and long term, regardless if they are "currently available" or not. Capital assets and long term obligations of the Township are reported in the Statement of Net Assets of the Government-Wide financial statements.

#### **The Township as Trustee - Reporting the Township's Fiduciary Responsibilities**

The Township is the trustee or fiduciary for its tax collection fund. The Township is also a Trustee for a Marina Account in which funds are received from the State of Michigan for payments on the construction of a State owned Marina located in Cedarville Township. All of the Township's fiduciary activities are reported in separate statements of fiduciary net assets. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Cedarville Township

### Management's Discussion and Analysis for the Year Ended March 31, 2004

#### Summary of Net Assets

The following summarizes the net assets at fiscal year ended March 31, 2004.

	<u>Governmental Activities</u>
Assets	
Current assets	
Capital assets - net of accumulated depreciation	\$ 164,244
Total Assets	<u>35,006</u>
	<u>\$ 199,250</u>
Liabilities	
Current liabilities	\$ -
Long term liabilities	-
Total Liabilities	<u>-</u>
Net Assets	
Net Assets Invested in capital assets, net of related debt	35,006
Unrestricted	<u>164,244</u>
Total Net Assets	<u>199,250</u>
Total Liabilities and Net Assets	<u>\$ 199,250</u>

#### Analysis of Financial Position

During fiscal year ended March 31, 2004, the Township's net assets increased by \$3,321. A few of the significant factors of the Township are below:

- A. The Township did not levy property taxes for their general operations because of the favorable balances in the net assets.
- B. Working under the State of Michigan Department of Natural Resources Waterways Grant, a new State owned 125 slip marina in the final phases of construction within the Township. The new marina is expected to be in operation by the spring of 2005.
- C. In conjunction with the new marina, the Township is reviewing and updating the zoning ordinances to develop a comprehensive plan which uses the marina as a keystone for development.
- D. A Township commitment to the Fire Department needs for a new tanker has earmarked all fire millage funds to obtaining this needed equipment. The current fire millage will expire after the winter 2004 tax season.

## Cedarville Township

### Management's Discussion and Analysis for the Year Ended March 31, 2004

#### Results of Operations

For the fiscal year ended March 31, 2004, the Township results of operations is as follows:

	<u>March 31, 2004</u>
Revenue	
Property taxes for general operations	\$ 30,813
Property taxes for fire services	24,296
State of Michigan aid	18,621
Charges for services	2,975
Other general revenues	15,156
Total Revenue	<u>91,861</u>
Expenses	
General Government	76,056
Public safety	11,173
Public works	131
Cemetery operations	1,180
Total Expenses	<u>88,540</u>
Increase in Net Assets	3,321
Beginning Net Assets	195,929
Ending Net Assets	<u>\$ 199,250</u>

#### Original vs. Final Budget

An original General Fund and Fire Fund Budget was approved on March 19, 2003. The amended changes were made on June 18, 2003 and March 17, 2004. No changes were made to the Fire Fund Budget.

Original budget revenues	80,724
Final budget revenues	67,514
Change	<u>\$ 13,210</u>

*The majority of the decrease is a result of amending property taxes which were not levied.*

Original budget expenditures	\$ 75,490
Final budget expenditures	80,617
Change	<u>\$ 5,127</u>

*The largest increase in the final budget resulted in amending the Road Budget by \$5,381.*

#### Net Investments In Capital Assets

The Township's investment in capital assets increased \$960. This can be summarized as follows:

	Balance April 1, 2003	Additions	Disposals	Balance March 31, 2004
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Buildings	50,000	-	-	50,000
Equipment	44,966	-	-	44,966
Infrastructure	-	5,251	-	5,251
	99,966	5,251	-	105,217
Less: Accumulated Depr.	65,920	4,291	-	( 70,211)
Net Assets	<u>\$ 34,046</u>	<u>\$ 960</u>	<u>\$ -</u>	<u>\$ 35,006</u>

#### Contacting the Township's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances. If you have questions about this report or need additional information, contact the Town Hall.

## Cedarville Township

### Statement of Net Assets for the Year Ended March 31, 2004

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	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 160,961
Due from other Governmental units	3,056
Due from fiduciary funds	<u>227</u>
Total Current Assets	<u>164,244</u>
Non-Current Assets	
Capital assets	105,217
Less accumulated depreciation	<u>70,211</u>
Total Non-Current Assets	<u>35,006</u>
<b>Total Assets</b>	<b><u>\$ 199,250</u></b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ <u>—</u>
Total Current Liabilities	<u>—</u>
Net Assets	
Net assets invested in capital assets, net of related debt	35,006
Unrestricted	<u>164,244</u>
Total Net Assets	<u>199,250</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 199,250</u></b>



# Cedarville Township

## Statement Activities for the Year Ended March 31, 2004

		<u>Program Revenue</u>		<u>Governmental Activities</u>
	<u>Expense</u>	<u>Charges for Service</u>	<u>Operating Grants</u>	<u>Net (expense) Revenue and Change in Net Assets</u>
<b>FUNCTIONS/PROGRAMS</b>				
<b>Governmental Activities:</b>				
General Government	\$ 76,056	\$ 2,975	\$ 18,621	\$( 54,460)
Public safety	11,173	—	—	( 11,173)
Public works	131	—	—	( 131)
Cemetery operations	<u>1,180</u>	<u>—</u>	<u>—</u>	<u>( 1,180)</u>
<b>Total Governmental Activities</b>	<b>\$ <u>88,540</u></b>	<b>\$ <u>2,975</u></b>	<b>\$ <u>18,621</u></b>	<b>( 66,944)</b>

### GENERAL REVENUES

#### Taxes

Property taxes for general operations	30,813
Property taxes for fire service	24,296
Interest and investment earnings	3,666
Other revenue	<u>11,490</u>
<b>Total General Revenue</b>	<b><u>70,265</u></b>

#### Changes in Net Assets

##### Net Assets:

Beginning of Year	<u>195,929</u>
End of Year	<b>\$ <u>199,250</u></b>

**Cedarville Township**  
**Balance Sheet**  
**Governmental Funds**  
**for the Year Ended March 31, 2004**

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	<u>General</u>	<u>Fire</u>	<u>Other Governmental Units</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 103,551	\$ 57,410	\$ -	\$ 160,961
Due from other Governmental units	-	3,056	-	3,056
Due from other funds	<u>227</u>	<u>-</u>	<u>-</u>	<u>227</u>
<b>Total Assets</b>	<b>103,778</b>	<b>60,466</b>	<b>-</b>	<b>164,244</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Designated for roads	19,619	-	-	19,619
Designated for building	4,714	-	-	4,714
Undesignated	<u>79,445</u>	<u>60,466</u>	<u>-</u>	<u>139,911</u>
<b>Total Fund Balance</b>	<b><u>103,778</u></b>	<b><u>60,466</u></b>	<b><u>-</u></b>	<b><u>164,244</u></b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b><u>\$ 103,778</u></b>	 <b><u>\$ 60,466</u></b>	 <b><u>\$ -</u></b>	 <b><u>\$ 164,244</u></b>

**Cedarville Township**  
**Governmental Funds**  
Reconciliation of Balance Sheet of Governmental Funds to Net Assets  
for the Year Ended March 31, 2004

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Total Fund Balances - Governmental Funds	\$ 164,244
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*Amounts reported for Governmental Activities in the statement  
of net assets are different because:*

Capital assets used in Governmental assets	105,217
Accumulated depreciation	<u>( 70,211)</u>

Net Assets of Governmental Activities	<u>\$ 199,250</u>
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**Cedarville Township**  
**Combined Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Governmental Fund**  
**for the Year Ended March 31, 2004**

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	<u>General</u>	<u>Fire</u>	<u>Other Governmental Units</u>	<u>Total</u>
<b>REVENUE</b>				
Taxes	\$ 30,813	\$ 24,296	\$ -	\$ 55,109
State grants	18,621	-	-	18,621
Charges for services	2,975	-	-	2,975
Interest and rents	3,666	-	-	3,666
Other revenue	<u>10,790</u>	<u>700</u>	<u>-</u>	<u>11,490</u>
<b>Total Revenues</b>	66,865	24,996	-	91,861
<b>EXPENDITURES</b>				
General Government	75,675	-	-	75,675
Public safety	-	7,263	-	7,263
Public works	5,382	-	-	5,382
Cemetery operations	<u>1,180</u>	<u>-</u>	<u>-</u>	<u>1,180</u>
<b>Total Expenditures</b>	82,237	7,263	-	89,500
Excess of Revenues Over (Under) Expenditures	( 15,372)	17,733	-	2,361
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	7,263	-	7,263
Operating transfers out	<u>( 7,263)</u>	<u>-</u>	<u>-</u>	<u>( 7,263)</u>
<b>Total Other Finance Uses</b>	<u>( 7,263)</u>	<u>7,263</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	( 22,635)	24,996	-	2,361
Fund Balances April 1	<u>126,413</u>	<u>35,470</u>	<u>-</u>	<u>161,883</u>
Fund Balances March 31	<u>\$ 103,778</u>	<u>\$ 60,466</u>	<u>\$ -</u>	<u>\$ 164,244</u>

**Cedarville Township**  
Reconciliation of the Statement of Revenue, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
for the Year Ended March 31, 2004

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Net Change in Fund Balances - Total Governmental Funds	\$ 2,361
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*Amounts reported for Governmental Activities in the statement of activities are different because:*

Governmental funds report capital outlay as expenditures in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	( 4,291)
Capital outlay	<u>5,251</u>

Changes in Net Assets of Governmental Activities	\$ <u>3,321</u>
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**Cedarville Township**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**for the Year Ended March 31, 2004**

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	<u>Tax Collection</u>	<u>Marina Development</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 227	\$ 563,124	\$ 563,351
<b>Total Assets</b>	<u>\$ 227</u>	<u>\$ 563,124</u>	<u>\$ 563,351</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 227	\$ —	\$ 227
<b>Total Liabilities</b>	227	—	227
<b>NET ASSETS</b>			
Reserve for construction	—	563,124	563,124
<b>Total Liabilities and Net Assets</b>	<u>\$ 227</u>	<u>\$ 563,124</u>	<u>\$ 563,351</u>

**Statement of Changes in Fiduciary Net Assets**

<b>REVENUES</b>	
State of Michigan	\$ 4,374,683
Interest	149
<b>Total Revenue</b>	<u>4,374,832</u>
<b>EXPENDITURES</b>	
Marina construction	3,811,980
<b>Total Expenditures</b>	<u>3,811,980</u>
Excess Revenue Over (Under) Expenditures	562,852
Net Assets	
Beginning Balance April 1	272
Ending Balance March 31	<u>\$ 563,124</u>

**CEDARVILLE TOWNSHIP**  
Notes to Financial Statements  
March 31, 2004

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cedarville Township is incorporated under the laws of the State of Michigan. The Township operates under an elected board. The Township provides the services of Fire Protection and General Administrative Services. The accounting policies of Cedarville Township conform to generally accepted accounting principles as applicable to governmental units.

**A. Government-Wide and Fund Financial Statements**

The Government-Wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary Government. For the most part, the effect of Interfund activity has been removed from these statements. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely to a significant extent on fees and charges for support. All the Town's Government-wide activities are considered Governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the intergovernmental payments and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for Governmental funds and fiduciary funds even though the latter are excluded from the Government-wide financial statements. Major individual Governmental funds are reported as separate columns in the fund financial statements.

**GOVERNMENTAL FUNDS**

**General Fund**

This fund is used to account for all financial transactions not accounted for in another fund, including the general operation expenditures of the local unit. Revenues are derived primarily from Property Taxes, State Grants and Other Intergovernmental Revenues.

**Special Revenue Funds**

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

**FIDUCIARY FUND**

**Trust and Agency Funds**

The fiduciary fund is used to account for assets held as an agent for others.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
**Government-Wide Statements**

The Town's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements.

**CEDARVILLE TOWNSHIP**  
Notes to Financial Statements  
March 31, 2004

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
**Government-Wide Statements (continued)**

Accounts reported as program revenue include (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and State aid.

**Fund Based Statements**

Governmental fund financial statements are reported using the current financial measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Property taxes, State aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

**C. Cash and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Township. State statutes authorize the governing body of a Township to invest surplus funds in direct obligations of the United States Treasury, in deposit and savings accounts of any Federally insured bank, savings and loan or credit union, commercial paper, United States repurchase agreements, bankers' acceptance of U.S. banks, in certain mutual funds and in investment pools.

Investments are reported at fair value which is determined using select basis. Short-term investments are reported at cost which approximates fair value; securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amounts which reasonably estimate fair value.

**D. Inventories**

Inventories of supplies are considered to be immaterial and are not recorded.

**E. Fund Balance Designations**

The Township classifies its Fund Balances as follows:

- 1.) Designations of fund balance represent tentative plans by the Township for financial resource utilization in a future period as documented in the minutes or budgeting process for a succeeding year.
- 2.) Undesignated fund balance indicates that portion of fund balance which is available for use in future periods.



**CEDARVILLE TOWNSHIP**  
Notes to Financial Statements  
March 31, 2004

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Budget Basis of Accounting**

Budgets are annually adopted on the modified accrual basis of accounting. The original budgets were amended March 1, 2004 and is presented in the accompanying financial statements.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

- 1.) Prior to March 1, the Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- 2.) Public hearings are conducted to obtain tax payers' comments.
- 3.) Prior to April 1, the budget is legally enacted.
- 4.) The Township Board may authorize transfer budget amounts between departments within any fund and any revisions that alter the total expenditures of any fund.
- 5.) Formal budgetary integration is employed as management control device during the year for the General Fund and Special Revenue Funds.

**G. Capital Assets**

Capital assets which include land, buildings, equipment and vehicles are reported in the applicable Governmental column in the Government-wide financial statements. Capital assets are defined by the Government as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized.

Buildings and equipment are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 60 years
Vehicles and other equipment	05 - 10 years
Infrastructure	50 years

Prior to April 2003, Governmental Funds Capital Assets were accounted for in the General Fixed Assets account group and were not recorded directly as a part of any individual funds financial statements. Infrastructure of Governmental Funds was not previously capitalized. Upon implementing GASB 34 Governmental units are required to account for all capital assets including infrastructure in the Government-wide statements prospectively from the date of implementation.

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

**CEDARVILLE TOWNSHIP**  
Notes to Financial Statements  
March 31, 2004

**NOTE 2 CASH AND INVESTMENTS**

Cash

The Township maintains various cash accounts that are available for use by all funds. Each fund's portion of these accounts are displayed in the financial statement as "cash." The carrying amount of the Townships cash totaled \$724,312.

Deposits in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for demand deposits and \$100,000 for time deposits. At year end, the bank balance of the Township's deposits total \$776,837. Of this amount \$100,341 was covered by FDIC Insurance and \$676,496 was uninsured and uncollateralized.

Investments

The Township had no investments at March 31, 2004.

**NOTE 3 PROPERTY TAXES**

The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on taxable valuation of property as of the preceding December 31 of \$12,500,112. Taxable valuation is established by the Township and is subject to possible equalization by the State. In addition to collecting their own taxes, the Township also acts as collection agent for all overlapping governments in the Township, which includes school districts and the County.

**NOTE 4 CAPITAL ASSETS**

The changes in capital assets are as follows:

	Balance April 1, 2003	Additions	Disposals	Balance March 31, 2004
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Buildings	50,000	-	-	50,000
Equipment	44,966	-	-	44,966
Infrastructure	-	5,251	-	5,251
	99,966	5,251	-	105,217
Less: Accumulated Depreciation	65,920	4,291	-	( 70,211)
Net Assets	\$ <u>34,046</u>	\$ <u>960</u>	\$ <u>-</u>	\$ <u>35,006</u>

Depreciation expenses were charged to funds as follows:

General	\$ 381
Fire	<u>3,910</u>
	\$ <u>4,291</u>

**CEDARVILLE TOWNSHIP**  
Notes to Financial Statements  
March 31, 2004

**NOTE 5 INTERFUND RECEIVABLES AND PAYABLES**

The amounts of Interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ <u>227</u>	Tax Collection	\$ <u>227</u>

**NOTE 6 RISK MANAGEMENT**

The Townships Risk Management activities are recorded in the General Fund. Significant losses are covered by commercial insurance. For these insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the three prior years.

**NOTE 7 TOTAL - MEMORANDUM ONLY**

The combined financial statements of fund types present total columns for the year ended March 31, 2004, which aggregate the columnar statements by fund type. These columns are presented only for comparative purposes and should not be construed as presenting consolidated financial information.

**REQUIRED SUPPLEMENTAL INFORMATION**

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CEDARVILLE TOWNSHIP  
Combined Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended March 31, 2004

REVENUES:	Original Budget	Final Budget	Actual
Taxes	\$ 47,313	\$ 32,203	\$ 30,813
State grants	20,110	20,110	18,621
Charges for services	900	900	2,975
Interest and rents	3,000	3,000	3,666
Other revenue	9,401	11,301	10,790
Total Revenues	80,724	67,514	66,865
EXPENDITURES:			
General government	60,460	60,205	75,675
Public works	-	5,382	5,382
Capital outlay	-	-	1,180
Total Expenditures	60,460	65,587	82,237
Excess of Revenues Over (Under) Expenditures	20,264	1,927	( 15,372)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	( 15,030)	( 15,030)	( 7,263)
Total other financing sources (uses)	( 15,030)	( 15,030)	( 7,263)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,234	( 13,103)	( 22,635)
FUND BALANCES, April 1	126,413	126,413	126,413
FUND BALANCES, March 31	\$ 131,647	\$ 113,310	\$ 103,778

CEDARVILLE TOWNSHIP  
Combined Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Fire Fund  
Year Ended March 31, 2004

	Original Budget	Final Budget	Actual
REVENUES:			
Taxes	\$ 23,650	\$ 23,650	\$ 24,296
Other revenue	<u>          </u>	<u>          </u>	<u>      700</u>
Total Revenues	23,650	23,650	24,996
EXPENDITURES:			
Public safety	<u>15,030</u>	<u>15,030</u>	<u>7,263</u>
Total Expenditures	15,030	15,030	7,263
Excess of Revenues Over (Under) Expenditures	8,620	8,620	17,733
OTHER FINANCING SOURCES (USES):			
Operating transfers in	15,030	15,030	7,263
Operating transfers out	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources (uses)	15,030	15,030	7,263
Excess of Revenues & Other Financing Sources Over(Under) Expenditures & Other Financing Uses	23,650	23,650	24,996
FUND BALANCES, April 1	<u>35,470</u>	<u>35,470</u>	<u>35,470</u>
FUND BALANCES, March 31	<u>\$ 59,120</u>	<u>\$ 59,120</u>	<u>\$ 60,466</u>

## **OTHER SUPPLEMENTAL INFORMATION**

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CEDARVILLE TOWNSHIP  
Detail Schedule of General Fund Revenues  
For the Year Ended  
March 31, 2004

**Taxes**

Swamp

\$ 30,813  
30,813

**State Grants**

Revenue sharing

18,621

**Charges for Services**

Cemetery

1,500

Zoning

1,475  
2,975

**Interest and Rents**

Interest

2,237

Rents

1,429  
3,666

**Fees and Other**

Fox Park

5,048

Miscellaneous

5,742  
10,790

\$ 66,865



CEDARVILLE TOWNSHIP  
Detail Schedules of General Fund Expenditures  
for the Year Ended  
March 31, 2004

**General Government**

Clerk	\$ 6,633	
Treasurer	10,784	
Legislative	1,542	
Administration	15,339	
Board of review	880	
Town hall	7,891	
Zoning	2,771	
Park	7,821	
Insurance	7,876	
Assessor fees	6,746	
Election expense	3,445	
Marina development	3,631	
Other	<u>316</u>	75,675

**Public Works**

Roads		5,382
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**Cemetery Operations**

Salaries	395	
Other	<u>785</u>	<u>1,180</u>
		<u>\$ 82,237</u>

**TOWNSHIP OF CEDARVILLE**  
**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL**  
**REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED**  
**IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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I have audited the general purpose financial statements of the Township of Cedarville for the year ended March 31, 2004, and have issued my report thereon dated September 28, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Cedarville's financial statements are free of material misstatement I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Township of Cedarville's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Township of Cedarville's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Township of Cedarville

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARD (continued)**

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Due to the size of the Organization, it is not feasible to obtain a proper separation of accounting duties and custody of assets. Control procedures could be circumvented at any time. Hiring additional personnel to overcome this weakness would not be justified.

A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the management of the Township of Cedarville. However, this report is a matter of public record and its distribution is not limited.

*Carl R. Freeman*

September 28, 2004